

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
TELECOMMUNICATIONS DIVISION

RESOLUTION T-15986*
January 13, 1997

R E S O L U T I O N

RESOLUTION T-15986. GTE CALIFORNIA INCORPORATED. REQUEST TO GRANDFATHER FOR RETAIL AND RESALE THE SPECIAL CALL WAITING, BUSY NUMBER REDIAL, AND LAST NUMBER REDIAL/SAVED NUMBER REDIAL FEATURES FOR RESIDENTIAL AND BUSINESS CUSTOMERS, TO GRANDFATHER FOR RETAIL AND RESALE THE EXISTING CUSTOM CALLING PACKAGED OFFERINGS (SMARTCALL PAKS 4400 AND 4900, SMARTERCALL PAK, SMARTESTCALL PAK, AND SMART RING WITH THE FEATURE PACKAGES) FOR RESIDENTIAL CUSTOMERS, TO INTRODUCE FOR RETAIL AND RESALE FLEXIBLE CUSTOM CALLING PACKAGING OPTIONS FOR RESIDENTIAL CUSTOMERS, TO INTRODUCE FOR ITS RETAIL CUSTOMERS A SATISFACTION GUARANTEE FOR CUSTOM CALLING SERVICES, TO ALLOW RETAIL CUSTOMERS A 60 DAY PERIOD AFTER ESTABLISHING PRIMARY SERVICE TO ORDER CUSTOM CALLING SERVICES WITHOUT INCURRING SUBSEQUENT SERVICE ORDER CHARGE, AND TO ESTABLISH PRICE FLOORS AND REQUEST PRICING FLEXIBILITY FOR THE SPECIAL CALL ACCEPTANCE AND SPECIAL CALL FORWARDING FEATURES.

BY ADVICE LETTER NO. 8266 FILED SEPTEMBER 24, 1996.

SUMMARY

GTE California Incorporated (GTEC) requests authority under provisions of General Order No. 96-A (G.O. 96-A) to: (1) grandfather for retail and resale the Special Call Waiting, Busy Number Redial, and Last Number Redial/Saved Number Redial features for residential and business customers, (2) grandfather for retail and resale the existing custom calling packaged offerings (SmartCall Pak 4400, SmartCall Pak 4900, SmarterCall Pak, SmartestCall Pak, and Smart Ring with the Feature Packages) for residential customers, (3) introduce for retail and resale flexible package options for Custom Calling tariff for residential customers, (4) introduce for its retail customers a Satisfaction Guarantee for Custom Calling Services, (5) allow its retail customers a 60 day period after establishing primary service to order Custom Calling Services without incurring subsequent service order charge, and (6) establish price floors and request pricing flexibility for the Special Call Acceptance and Special Call Forwarding features.

This Resolution authorizes GTEC's request except as modified by Ordering Paragraph Nos. 2, 3, and 4 below. GTEC estimates that the annual revenue impact of this filing is \$1,921,543.

BACKGROUND

GTEC filed Advice Letter No. 8266 (AL 8266) on September 24, 1996 requesting to: (1) grandfather for retail the Special Call Waiting, Busy Number Redial, and Last Number Redial/Saved Number Redial features for residential and business customers, (2) grandfather for retail the existing custom calling packaged offerings (SmartCall Pak 4400, SmartCall Pak 4900, SmarterCall Pak, SmartestCall Pak, and Smart Ring with the Feature Packages) for residential customers, (3) introduce for retail flexible packaging options for Custom Calling tariff for residential customers, (4) introduce for its retail customers a Satisfaction Guarantee for Custom Calling Services, (5) allow its retail customers a 60 day period after establishing primary service to order Custom Calling Services without incurring subsequent service order charge, and (6) establish price floors and request pricing flexibility for the Special Call Acceptance and Special Call Forwarding custom calling features.

On December 10, 1996, GTEC filed Supplement A to AL 8266 adding to its request to: (1) grandfather for resale the Special Call Waiting, Busy Number Redial, and Last Number Redial/Saved number Redial features for residential and business customers, (2) to grandfather for resale the existing custom calling packaged offerings (SmartCall Pak 4400, SmartCall Pak 4900, SmarterCall Pak, SmartestCall Pak, and Smart Ring with the Feature Packages) for residential customers, and (3) introduce for resale flexible packaging options for its Custom Calling tariff for residential customers.

On December 26, 1996, GTEC filed Supplement B to AL 8266 to clarify that AL 8266 inadvertently omitted to mention that the estimated annual revenue impact of the filing is \$1,921,543 and that the requested ceilings for Special Call Acceptance and Special Call Forwarding are the current tariff rates for the two custom calling features.

Special Call Waiting allows a customer to select up to 12 numbers which can activate Call Waiting. Incoming calls placed from numbers not selected by the customer receive busy signals when the customer's line is busy. Busy Number Redial allows a customer to dial a code when a busy telephone number is reached. The call is retried automatically until both parties are available. Only busy calls within the central office are retried automatically. Last Number Redial/Saved Number Redial allows a customer to dial a code initiating the switch to automatically place a call to the last number stored or a specific number stored even if it was not the last number stored. For these custom calling features, GTEC indicates that only a very small number of its customers are currently subscribing to these

features and the low subscriptions are partly due to the limited use of these features and the availability of CLASS services such as Automatic Busy Redial and Automatic Call Return.

SmartCall Paks 4400 & 4900, SmarterCall Pak, SmartestCall Pak, and Smart Ring with the Feature Packages are all custom calling feature packages that allow customers to select the particular packages that fit the customers' custom calling needs. Although each of the feature packages has four or more custom calling features, the custom calling features in the selected packages may or may not fit all of the customers' custom calling needs. Some customers may need to order more than one feature package to have all the desired features. It is also likely that there are features in a selected package that customers do not need but the package was selected for the remaining features. GTEC requests to grandfather the custom calling feature packages for its residential customers. GTEC is not requesting the grandfathering of these feature packages for business customers at this time. GTEC believes that the new flexible custom calling packaging options, which allow its residential customers to choose from a list of custom calling features, will provide customers with flexibility in packaging the desired custom calling features. For customers choosing four or more qualifying custom calling features under the flexible packaging options, they will receive a 40% discount on the features' tariff rates.

GTEC also requests in AL 8266 to introduce for its retail customers a Satisfaction Guarantee for all Custom Calling Services. The Satisfaction Guarantee provides customers who notified GTEC of any dissatisfaction with any of the Custom Calling Services a full refund of one month's monthly recurring charge, or a prorated amount if the subscription is less than one month. The refund will be in the form of a credit on a subsequent bill after the service is removed. Each customer will be entitled to the credit once per service. GTEC also requests to allow its retail customers a 60 day period after primary service is established to order Custom Calling Services without incurring subsequent service order charge.

Currently, if a customer orders Custom Calling Services after primary service has been established, the customer has to pay a subsequent order charge.

In AL 8266, GTEC also requests pricing flexibility and to establish price floors for its custom calling features, Special Call Acceptance and Special Call Forwarding.

GTEC estimates that the annual revenue impact of this filing is \$1,921,543.

NOTICE/PROTESTS

GTEC states that a copy of the Advice Letter as supplemented and related tariff sheets were mailed to competing and adjacent utilities and/or other utilities, and interested parties. Also, Advice Letter No. 8266 was listed in the Commissions' Daily Calendar of September 27, 1996.

No protest to the Advice Letter was filed.

DISCUSSION

GTEC proposes to grandfather for both retail and resale the Special Call Waiting, Busy Number Redial, and Last Number Redial/Saved Number Redial features for residential and business customers. GTEC indicates that only a small number of its customers are currently subscribing to these features and the low subscriptions are due partly to the limited use of these features and the availability of similar CLASS services. GTEC would like to grandfather these features to existing customers and no new customers will be permitted.

GTEC also proposes to grandfather for retail and resale the existing custom calling packaged offerings (SmartCall Pak 4400, SmartCall Pak 4900, SmarterCall Pak, SmartestCall Pak, and Smart Ring with the Feature Packages) for residential customers. According to GTEC, these custom calling feature packages do not allow its customers to package the custom calling features that meet their specific needs and may result in customers paying for features they do not need. GTEC believes that since the new flexible custom calling packaging options allow residential customers to select from a list of custom calling features, it will prove to be more flexible and beneficial to its residential customers. GTEC requests that these feature packages be limited to existing residential customers and no new residential customers will be permitted.

However, when comparing the current tariff rates of these feature packages with the rates for the same custom calling features under the new flexible packaging options, we find that customers would end up paying more even at the 40% discount. That means that under the new flexible packaging options, residential customers who desire the same custom calling features as those in the current feature packages would end up paying much higher rates for these features than the current feature package subscribers, effectively a rate increase for new customers.

Although we agree with GTEC that the flexible custom calling packaging options would provide residential customers with flexibility in packaging the desired features and for which we will authorize GTEC's flexible packaging options, we nevertheless decline to authorize GTEC to grandfather the requested custom calling feature packages in this Resolution lest the unintended consequence of grandfathering these feature packages is a rate increase for new residential subscribers. Further, since GTEC's request is to grandfather these feature packages for its residential customers but not its business customers, our decision not to grandfather these feature packages will enable residential customers to continue to enjoy their availability as to the business customers.

Also, to prevent residential customers from paying higher rates for the same features under two different services - the new flexible packaging options we authorize today and the feature packages which we decline to grandfather - we will require GTEC to instruct its service representatives to inform its residential customers who happen to select under the flexible packaging options the same features that these features are available at lower rates in the feature packages.

Two of the three custom calling features we are authorizing GTEC to grandfather in this Resolution, namely Busy Number Redial and Last Number Redial/Saved Number Redial, are also features in the SmartestCall Pak custom calling feature package. Since we are not authorizing GTEC to grandfather its custom calling feature packages, these two features will be grandfathered only on an individual feature basis but will be available as part of the SmartestCall Pak feature package for new customers.

In AL 8266, GTEC also proposes to establish for its retail customers a Satisfaction Guarantee for Custom Calling Services and to allow its retail customers a 60 day period after establishing primary service to order Custom Calling Services without incurring subsequent service order charge. GTEC believes that it could better serve its customers with a Satisfaction Guarantee and, by allowing its customers additional time to order Custom Calling Services without incurring subsequent service order charge, it could better compete in today's market. GTEC also request pricing flexibility and to establish price floors for its Special Call Acceptance and Special Call Forwarding custom calling features.

The Telecommunications Division concludes that the Advice Letter as supplemented meets the requirements set forth in G.O. 96-A and recommends that the Commission approve the filing except as modified by Ordering Paragraph Nos. 2, 3, and 4 below.

FINDINGS

1. GTEC filed Advice Letter No. 8266 as supplemented to: (1) grandfather for retail and resale the Special Call Waiting, Busy Number Redial, and Last Number Redial/Saved Number Redial features for residential and business customers, (2) grandfather for retail and resale the existing custom calling packaged offerings (SmartCall Pak 4400, SmartCall Pak 4900, SmarterCall Pak, SmartestCall Pak, and Smart Ring with the Feature Packages) for residential customers, (3) introduce for retail and resale flexible packaging options for Custom Calling tariff for residential customers, (4) introduce for its retail customers a Satisfaction Guarantee for Custom Calling Services, (5) allow its retail customers a 60 days period after establishing primary service to order Custom Calling Services without incurring subsequent service order charge, and (6) establish price floors and request pricing flexibility for the Special Call Acceptance and Special Call Forwarding features.
2. The new flexible custom calling packaging options would provide residential customers with flexibility in packaging their desired custom calling features.
3. Residential customers choosing the same custom calling features under the flexible custom calling packaging options as those in the current feature packages will end up paying more for the same features.
4. Grandfathering GTEC's custom calling packages while authorizing the flexible custom calling packaging options may result in a rate increase for new residential subscribers.
5. GTEC indicates that the requested ceilings for Special Call Acceptance and Special Call Forwarding are the current tariff rates for the two custom calling features.
6. GTEC estimates that the annual revenue impact of this filing is \$1,921,543.

THEREFORE, IT IS ORDERED that:

1. GTE California Incorporated is authorized to make effective Advice Letter No. 8266 and its supplements provided that they are modified to comply with Ordering Paragraph Nos. 2, 3, and 4.
2. GTE California Incorporated shall continue to provide for retail and resale feature packages (SmartCall Pak 4400, SmartCall Pak 4900, SmarterCall Pak, SmartestCall Pak, and Smart Ring with the Feature Packages) for residential and business customers. Its request to grandfather these feature packages for its residential customers is denied.

3. GTE California Incorporated shall continue to provide for retail and resale Busy Number Redial and Last Number Redial/Saved Number Redial custom calling features as part of its SmartestCall Pak feature package to new customers.

4. GTE California Incorporated shall provide to the Telecommunications Division sufficient evidence that its service representatives have been instructed to inform residential customers who happen to select under the new flexible packaging options the same features as those in the feature packages that these features are available at lower rates in the feature packages.

5. Within 15 days from the effective date of this Resolution, GTE California Incorporated shall file a supplement to Advice Letter No. 8266 to reflect compliance with Ordering Paragraph Nos. 2, 3, and 4 above. Advice Letter No. 8266 and its supplements shall become effective immediately upon Telecommunications Division approval.

6. The Advice Letter, its supplements, and tariff sheets shall be marked to show that they were authorized by Resolution T-15986.

The effective date of this Resolution is today.

January 13, 1997

I certify that this Resolution was adopted by the Public
Utilities Commission at its regular meeting on January 13, 1997.
The following Commissioners approved it:

Wesley Franklin

WESLEY M. FRANKLIN
Executive Director

P. GREGORY CONLON
President
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners